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Unveiling Barriers: A Qualitative Study on Halal Certification for SMFEs in Penang

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Abstract: Promoted by both Multi-National Companies (MNCs) and Small-Medium Enterprises (SMEs), Malaysia's Halal industry is flourishing, contributing billions of RM to the nation's economy and proving its potential for further growth. However, unlike MNCs, most Small-Medium Food Enterprises (SMFEs) face numerous challenges in obtaining Halal certification. As a result, this study aimed to investigate the difficulties experienced by SMFEs that have successfully acquired Halal certification. Using a qualitative approach, detailed face-to-face interviews were conducted with the aid of semi-structured questionnaires and audio recorders to achieve the study's objective of identifying the barriers to Halal certification faced by SMFEs. The research focused on Penang state, where the population of Halal-certified SMFEs was sourced from and screened by Jabatan Agama Islam Pulau Pinang (JAIPP), resulting in a vetted list of 25 potential respondents. Interviews were conducted with 12 respondents until data saturation was reached. The recorded audio data was transcribed, and the transcripts were analyzed using ATLAS. TI software. Demographic data underwent frequency analysis, while thematic analysis was applied to the transcribed data, generating nine codes, which were graphically represented by their relative themes and networks. The findings of this study, particularly the developed model, offer valuable insights into the issues at hand and could potentially assist SMFEs in achieving Halal certification successfully.

Keywords: *Halal food, halal certification, halal accreditation, barriers and challenges, small and medium enterprises.*

1. Introduction and Background

Certainly, the entire concept of Halal is fundamental to Islam. Interestingly, non-Muslim also began to accept and appreciate Halal foods, as well as embracing Halal standards as one of the most comprehensive and brilliant food quality standards available to date, which indirectly means promising global market potential of Halal foods. For instance, according to Pew Research Centre (2024)While the world's population is projected to grow to a staggering 9.3 billion in 2050, the number of Muslims is also expected to increase to 29.7% of the whole population, which is approximately 2,76 billion. Referring to Table 1, in 2010 alone, Muslims made up 23.2% of the global population (≈ 1.6 billion). These numbers signify the global market potential of Halal food products for Muslims, both inside and outside Islamic nations.

Table 1: Projected Global Muslim Population, 2010 – 2050 (PEW Research Center, 2024)

Projected Global Muslim Population, 2010 - 2050		
Decade	**Population Estimate**	**% of World's Population**
2010	1,599,700,000	23.2
2020	1,907,110,000	24.9
2030	2,209,270,000	26.5
2040	2,497,830,000	28.1
2050	2,761,480,000	29.7

To get a clearer picture of Malaysia's Halal prospects, Table 2 summarizes the accomplishments of Malaysia's Halal exports from the year 2022 to 2023. From the table, it can be seen that in 2022, Malaysia's total Halal export value reached a staggering amount of RM59.46 billion, which was a 3.83% contribution to Malaysia's

overall exports of RM1.552 trillion. In the following year, the amount of Halal exports' contribution of RM53.72 billion towards total exports of RM1.426 trillion had declined to 3.77%. In 2022, the biggest importers for our Halal exports were China, Singapore, Japan, the USA, and Indonesia. The following year, Singapore became the leading importer, followed by China, Indonesia, Japan, and Thailand. The rest of the major export destinations were mostly Middle Eastern and European countries, where the high demand for Halal foods is often unmatched by production shortages and low availability.

Table 2: Malaysia *Halal* Export 2022-2023 (HDC, 2024)

Year / Focus	2022			2023		
Total *Halal* Export Value	Malaysia's Total Exports: RM1.552 trillion Halal Exports: RM59.46 billion Halal Exports Contribution: 3.83%			Malaysia's Total Exports: RM1.426 trillion Halal Exports: RM53.72 billion Halal Exports Contribution: 3.77%		
Top 5 Export Destinations	**No.**	**Country**	**Value (RM)**	**No.**	**Country**	**Value (RM)**
	1	China	7.11 billion	1	Singapore	6.50 billion
	2	Singapore	6.24 billion	2	China	6.25 billion
	3	Japan	3.65 billion	3	Indonesia	2.91 billion
	4	USA	3.42 billion	4	Japan	2.62 billion
	5	Indonesia	3.06 billion	5	Thailand	2.50 billion

Conclusively, the table above verifies the massive potential for Halal products in countries like the USA, China, Thailand, and Japan, where Islam is not even a major religion and Muslims are among the minorities. Recent data also showed that there was a significant increment in Halal exports to our neighboring nations, Singapore and Indonesia. This notion proved that (i) there is a high level of product confidence among Muslim and non-Muslim consumers alike, even in non-Islamic countries, and (ii) there is a high level of trust in Halal-certified products.

Though the overall contribution of Halal exports towards Malaysia's total exports is not overly massive, the significance of the development and expansion of the Halal industry is of great prospective. The contributions of the food and beverage sector, as well as Halal ingredients, keep increasing each year, signifying constant support and demand for Halal food products and ingredients worldwide. All in all, the above reviews are evident proof that; (i) Halal foods offer a vast and lucrative business potential, (ii) Halal had been accepted internationally as an excellent standard for regulating the quality, cleanliness, wholesomeness, as well as the integrity of food products, and (iii) Halal foods are not only the preferred foods of Muslims, but also had incessantly grown into the likings of consumers at large as well.

2. Issues, Challenges, Trends and Barriers of Malaysia's Halal Industry

At present, the foodservice industry is defined in its broadest sense to mean "all establishments where foods are regularly served outside the home." (Payne-Palacio and Theis, 2012). As further explained by Kittler, Sucher, and Nelms (2011) The political, economic and social management of food at the local level is typically directed towards assuring a reliable and affordable source of nourishment. Moreover, advances in food production, storage, logistics and distribution are the closest examples, and the complexity of the food supply system has been examined by many disciplinary approaches. In light of the research scope, it is imperative to first define the target unit of analysis for this research, which is the Small and Medium Enterprises (SMEs), especially the ones that manufacture, produce, trade, sell, or handle any kind of food products and food ingredients (SMFEs). Small and Medium Enterprises (SMEs) are small companies that are defined by (i) sales turnover, and (ii) number of employees. In Malaysia, this definition covers all sectors comprised including services, manufacturing, agriculture, construction, mining and quarrying.

Indeed, rising demands for food products (especially Halal certified) are causing escalating numbers of SMFEs each year, and this sector's contribution to the GDP keeps growing, strengthening its significance. This signifies the imperative input of SMFEs towards the nation's economic gain, therefore indicating its worth to be

maintained, improved and expanded. However, in all fairness, the Halal endeavors of Malaysia's SMFEs are not without their barriers and challenges. Ismail et al. (2013) researched the export barriers to Halal SMFEs in Malaysia. These researchers distributed 600 questionnaires to SME owners in the SMIDEC directory and performed analysis on the 185 returned responses. It appears that, majority of SMFEs in Malaysia faced more or less the same export barriers: (i) internal export barriers, (ii) external export barriers, and (iii) procedural export barriers, with the last one being the most obstructive. Based on this evidence, it seems fair to suggest that many of the problems came from within. These kinds of obstacles could be overcome by enthusiastic and collective efforts by policymakers, public and private sector agencies, and the SME Halal food manufacturers.

Table 3: Definitions of SMEs based on Size of Operation (SME Corp., 2016)

Category	Manufacturing	Services and Other Sectors	Percentage
Micro	Sales turnover less than RM300,000 OR full-time employees of less than 5	Sales turnover less than RM300,000 OR full-time employees of less than 5	77%
Small	Sales turnover from RM300,000 to less than RM15 million OR full-time employees from 5 to less than 75	Sales turnover from RM300,000 to less than RM3 million OR full-time employees from 5 to less than 30	20%
Medium	Sales turnover from RM15 million to not exceeding RM50 million, OR full-time employees from 75 to not exceeding 200	Sales turnover from RM3 million to not exceeding RM20 million, OR full-time employees from 30 to not exceeding 75	3%

Md-Razak et al. (2015) Researched the importance and tendency of Halal products and services in Malaysia and the global market. Using a quantitative approach, the researcher distributed a 4-section questionnaire to 50 Muslim respondents in the Shah Alam area. It was found that the importance of Halal products and services is affected by three variables: (i) demand, (ii) awareness, and (iii) culture, with awareness being the most significant. The findings were in sync with the research done by Che-Omar (2013) On the challenges and marketing strategies of Halal products in Malaysia. The lack of awareness on the importance and advantages of Halal certification, as well as SME operators' lack of technical and general knowledge of Halal matters, hindered the strengthening of the Halal brand, recognition, confidence and assurance. Negative perception of the whole Halal certification process, procedural obstacles, and lack of effective enforcement by JAKIM worsen the circumstances. These internal issues and challenges must be dealt with firsthand to reinforce the foundation of Halal accreditation, towards all the efforts of going global.

Despite financial matters, Halal SMEs and their products need constant promotional and marketing support, not just from the government, but also from other agencies, trade associations, and stakeholders. One of the efforts was from Machfud, Khatib, Haji-Ahmed and Dahlan (2011) Who came up with the Halal Product Price Indicator Portal Model to promote Malaysia's Halal SMEs and their products? The portal would incorporate JAKIM, local Halal SMEs and potential customers into mutually combining roles, effort, knowledge and expertise. By having a portal, local SMEs would have a new marketplace and promotional medium where customers can browse, compare and contrast products and prices. JAKIM could play their roles of managing, monitoring and promoting themselves as the regulators and the authority of the Halal market. Nonetheless, the implementation of the portal is not without challenges, such as; (i) identifying local Muslim owned food manufacturers and suppliers, (ii) enforcement on the local Halal SMEs to update their products' prices and listings, and (iii) provisional laws and policies on the trade over the web.

When it comes to research on Halal, perhaps consumerism appears as the least intricate. Most researchers were found to center their focus on topics such as awareness, intentions, attitudes, perceptions, expectations, suggestions and recommendations. Yet, technical aspects of scientific research (such as sampling) proved that it is not as undemanding as it seems. Sampling, for instance, must be accurately determined from a vast pool of respondents to ensure generalization afterwards. Inaccurate representation would skew the result and render it useless. As a variation of this consumer research, Abdul, Ismail, Hashim, and Johari (2009) used the Audit Risk Model to determine factors involved in decision-making towards the purchase of Halal food products. Mixed method was employed; quantitative for the 1st stage, and qualitative for the 2nd stage. 1st stage involved distributing a questionnaire to 213 Muslim consumers who visited Malaysia Agriculture, Horticulture and Agrotourism (MAHA) 2008, while the 2nd stage comprises interviewing 6 Muslim lecturers in a public

university in Malaysia. It was found that there was a significant relationship between ethnic background, religion, and consumers' perception towards the Halal logo and ingredients. It was also found that there were doubts on the certification, enforcement and public understanding of Halal. As a result, it was agreed between respondents that the key features in the selection of Halal foods are simply and mainly: (i) trust, and (ii) confidence.

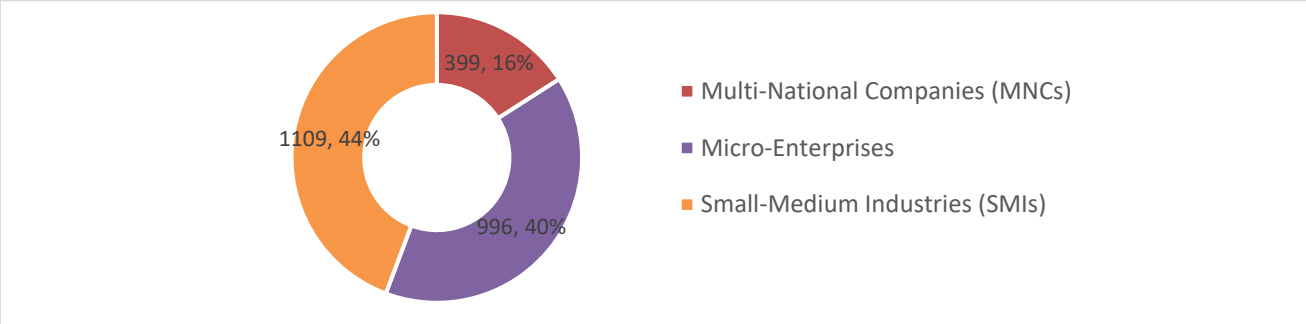
There were also concerns on the regulatory side. For instance, research done by Ambali and Bakar (2014) on people's awareness of Halal foods and products was essentially highlighting issues for policymakers. The main concern of the research is finding the determinants of Muslim consumers' awareness of Halal foods. By analysis of Al-Quran and Sunnah, as well as a survey method on a population in Shah Alam, it was found that there are several genuine predictors of Muslims' awareness. More importantly, the respondents, the absence of a universal Halal standard, the presence of unlawful ingredients and additives raised a few potential issues, and the lack of regulatory forces and law provision imposed on Halal certification offenders. These issues proved that the efficiency of regulation is one of the most important concerns when it comes to Halal foods.. Many of the challenges were in the form of compliance with the needs of (i) Halal standards and regulations, (ii) Department of Environment requirements, (iii) local authority licensing and permits, and (iv) Ministry of Health requirements. By examining qualitative responses, Akta Perihal Dagangan 1972, and the Environment Quality Act 1974, the researchers were able to outline potential future research, which is the identification of barriers to entry into the Halal business in Malaysia.

The difficulties of harmonization of Halal standards worldwide have resulted in a loss of billions of RM in potential international business trades. Halal certification bodies, the discretion of whether or not to accept products certified by these bodies was set to the consumers and the consuming countries. Some of the certifications were often rejected because these organizations were not recognized by the consumers or the consuming countries. (Abd-Latif, Mohamed, Sharifuddin, Abdullah, and Ismail, 2014). Although some countries claimed that their current Halal certification body are adequate, the exponential growth of demand for Halal products will outpace the existing supply in a few short years. As a result, increasing the output or export performance of SMEs is one of the Malaysian government's top priorities towards establishing the Halal hub. Since then, topics related to Halal hub have been the keen interest to many researchers, including in the field of Halal marketing, logistics, economy and finance. To begin with, Aidi-Zulkarnain and Say (2014) Produced an overview of Malaysia's efforts towards establishing an international Halal hub and its export performance. Focusing on the SMEs, the researchers found that Malaysian SMEs were facing stiff competition from neighboring countries in producing Halal food products, especially Thailand. Within the country, the outputs of SMEs were still trivial compared to the output of MNCs. Despite all the support given by the Malaysian government, many SMEs still encounter many challenges and barriers. Hence, future research could focus on exploring these obstacles and formulating possible remedies.

3. Methodology

For the in-depth interviews, the unit of analysis consists of SMFEs, represented by the owner, manager, or Halal executives, individuals who can address questions regarding Halal certification of their products, as well as their policies and perspectives on current certification practices. The selection of respondents was confirmed and verified by the Head of the Halal Division at Jabatan Agama Islam Pulau Pinang (JAIPP). SMFEs located in the vicinity of Pulau Pinang were chosen due to (i) the acclaimed reputation of Penang's Halal industry and ecosystem as one of the best in the country, and (ii) the supportive environment provided by the presence of JAIPP, PIHH, JAKIM, HDC, and regular Halal exhibitions and conferences that facilitate Halal research. The unit of analysis is represented by the owner or manager of SMFEs. The sampling frame for interviews comprised SMFEs that have successfully obtained Halal certification for their products. These selected SMFEs were taken from a pre-existing list titled 'Senarai Pemegang Sijil Halal Produk Makanan 2017,' provided by JAIPP and updated in April 2017. The list initially included approximately 413 firms, which then had to be screened based on specific inclusion criteria. 33 firms were shortlisted and referred to JAIPP, out of which only 25 were approved by JAIPP officials for undisclosed reasons.

Figure 1: Halal Certified Companies by Category of Industry (HDC, 2016)



Given that the unit of analysis for the in-depth interviews is the managers or owners of the SMFEs, the population consists of SMFEs that have successfully obtained Halal certification for their products. Figure 2 illustrates Halal-certified companies by industry category (HDC, 2016), last updated in February 2016. According to this figure, the total number of successful applications is 2,504, encompassing all three industry categories. Since this research focuses solely on small and medium industries, only product applications from SMI (1,109 firms, 44.29%) and Micro Enterprises (996 firms, 39.78%) are considered, totaling 2,105. Of these, approximately 413 firms are based in Penang, as confirmed by the list provided by JAIPP. This figure (413) was used as the total population number (N).

Additionally, the selected SMFEs must meet the following inclusion criteria: (i) they must be Small-Medium Food Industries (SMFEs), (ii) they must have successfully obtained Halal certification from JAKIM, and (iii) they must produce their food products, rather than being solely OEM (Original Equipment Manufacturer), ODM (Original Design Manufacturer), VAR (Value-Added Reseller), or simply an importer/distributor/wholesaler. The interviews were conducted using two instruments: (i) interview questions and (ii) interview protocols, both of which were validated for reliability and validity by subject matter experts. The interviews were audio-recorded at the respondents' chosen time and place. After the interviews, all recordings were transcribed, followed by data checking and cleaning, before being entered into ATLAS. Ti for thematic analysis. Subsequent coding and grouping led to findings supported by respondents' quotations.

4. Findings and Discussion

Respondents' Demographic Profile

In total, 12 respondents were interviewed, who are the owners/managers of their establishments. In terms of gender, male business owners (6 respondents) are proportional to female business owners (6 respondents). The age of respondents ranged between 38 to 60 years old. All the SMEs are specified in the food sector, with some variations in terms of core products, main customers, and nature of operations. These variations can be observed in Table 4. Some SMFEs might have slightly similar product lines, but the way they choose how to sell, market and impose visibility to their products depends heavily on the nature of the product, who their clients are, as well as their capacity in terms of production capability and marketing capital. Medium-sized enterprises that are much more capable financially can utilize their monetary resources to market their product line to hypermarkets inside and outside the country, while small enterprises will have to independently rely on their limited networks of marketing channels.

Table 4: Variations between SMFEs' Core Products and Operational Attributes

Respondent	Core Product	Direct Client	Nature of Operation
1	Homemade Ice Cream, assorted flavors.	Events, local retail stores, private functions, and exhibitions.	Direct retail, ice-cream booth, event catering.
2	Bottled sauce mix for noodles.	Local retail stores, local and regional hypermarkets, and exhibitions.	Direct retail, supplier to retailers (inside and outside Malaysia)

3	Sambal bilis garing. Crunchy garlic flakes.	No direct client.	Agent-based supplier.
4	Assortments of oven-baked healthy snacks.	No direct client.	Retail outlets inside and outside Malaysia.
5	Assortments of pastilles and herbal candy.	No direct client.	OEM (original equipment manufacturer) or VAR (value-added reseller).
6	Assortments of tepung goreng serbaguna.	Owns a fried chicken stall, local and regional retail stores.	Direct retail, supplier to retailers.
7	Kopi 'O'.	No direct client.	OEM (original equipment manufacturer) or VAR (value-added reseller).
8	Assorted curry pastes.	Local retail stores, local and regional hypermarkets, and exhibitions.	Direct retail, supplier to retailers (inside and outside Malaysia).
9	Assorted kuah rojak.	Direct retail, hotels, restaurants, and local retail stores.	Direct retail, supplier to retailer, contract supplier.
10	Cili giling. Pre-cooked curry pastes.	Direct retail, restaurants, and local retail stores.	Direct retail, supplier to retailers.
11	Belacan, assortments of sizes and forms.	No direct client.	Retail outlets inside and outside Malaysia, OEM (original equipment manufacturer) or VAR (value-added reseller).
12	Chocolate chip cookies, assorted flavors.	Own shop (outlet), direct retail, local retail, exhibitions.	Direct retail, supplier to retailers (inside and outside Malaysia), bookings and reservations.

Emerged Themes and Codes

Subsequently, the acquired theme was derived from thematic analysis of the transcripts. Overall, 5 codes were extracted to answer the main question, "What are the barriers of Halal certification experienced by the SMFEs?". Inclusively, 9 codes were able to be extracted from the responses to the question. The acquired theme and its relative codes are presented in Table 5 below:

Table 5: Barriers of Halal Certification Experienced by the SMFEs

Theme / Network	Codes	Grounded
Barriers to Halal Certification Experienced by SMFEs	Fraudulence	3
	Lack of Halal Awareness	3
	Inaccurate Information	5
	High Renovation Costs	5
	Lack of Capital	7
	Unstandardized Evaluation and Enforcement	5
	Meticulous Documentation	3
	Lack of Motivation	3
	Negative Attitude and Mindset	9

Code 1: Fraudulence

In the process of gaining Halal certification, there were always barriers or challenges faced by the entrepreneurs. The purpose of highlighting these obstacles was as a lesson to be learnt by other entrepreneurs wishing to file for Halal certification. Despite the hardships, all of the respondents managed to overcome them and successfully obtained their Halal certification. The barriers to Halal certification were not just meant as hindrances, but also featured some of the depraved elements in Halal certification. These elements could be

experienced directly by the respondents, or may be heard from someone else. For example, some of the respondents traced a few elements of fraudulence in Halal certification during their time, as revealed below:

R3: "One of the reasons many entrepreneurs are reluctant to expand abroad is that they often get cheated. Sometimes they are cheated by suppliers, sometimes by buyers, and sometimes even by fellow entrepreneurs. It's unfortunate for these entrepreneurs because SMEs like us have limited financial resources, especially when deceived. Therefore, many are cautious and choose to stay safe by marketing their products domestically."

R7: "I once visited a couple of non-Muslim premises that had Halal certification, but their cleanliness standards were disappointing. The workers' attire was improper, dogs were going in and out of the factory, the toilets were dirty, and so on... I was quite puzzled as to how they were granted Halal certification. Perhaps during inspections, they put on a 'show' and only displayed what was neat and clean to the JAKIM officers, whereas the reality was very different."

R7: "There are some small companies owned by non-Muslims that seem to exploit the Halal certification to market their products without ensuring compliance with the Halal requirements. Some hire consultants to obtain Halal certification; everything looks good and proper until they get the certificate, and then everything goes back to how it was (less clean and questionable)."

Code 2: High Renovation Costs

When asked whether the fees of obtaining Halal certification are expensive and burdensome, the entrepreneurs said that this is not the case. The fees for Halal certification are quite affordable, ranging from RM100 to RM700 annually, according to industry classification, whether the establishment is classified as (i) food industry/factory/product manufacturer, (ii) hotel and restaurant, or (iii) slaughterhouse. The fee structure is as explained below:

Micro industry	-	RM100.00 yearly
Small and Medium Industry	-	RM400.00 yearly
Multi-National Corporation	-	RM700.00 yearly

Despite the affordable fees, the real agony is the high renovation costs, as explained by the respondents:

R9: "The cost to obtain Halal certification is not expensive, only RM800 for 2 years. The expensive part is the renovation costs and so on…"

R12: "The expensive part is usually the renovation costs. Sometimes it can reach tens of thousands of RM. For the first application, JAIPP or JAKIM will visit our premises, inspect the condition, and suggest necessary improvements to meet Halal specifications. So, to meet these specifications, entrepreneurs spend a lot of money on renovations…"

Some respondents clarified that the high renovation costs were due to all the effort made to fulfill the tight specifications demanded by JAIN, JAKIM, or local authorities. These costs were mostly for premise renovations and upgrades, so it can adhere to the Halal standards. The testaments for this can be viewed below:

R7: "I was personally asked to install a fence for my factory, and eventually, the fencing cost amounted to RM4,000. To comply with the specified standards, I had to do it…"

R7: "For small entrepreneurs, some requirements can be quite complicated. For example, complying with the requirements to set up a ventilation system or adding barriers to separate different segments of the premises involves high costs for them."

R2: "It can indeed be problematic for SMEs operating from home or in places that do not meet the specifications, requiring upgrades. The renovation costs can be very high, and even after that, there's no guarantee they will get the Halal certification…"

In contrast, one of the respondents said that if entrepreneurs can split the renovation into several batches, the renovation costs wouldn't be so high. It's the accumulated amount that can cause a major setback to anyone

who wishes to apply for Halal certification, as quoted by the respondent:

R9: "If we are prepared, when JAKIM comes for an audit, it won't be too bad, maybe just a little 'touch-up'. If not prepared, when JAKIM comes for the first time, there will be many aspects that need improvement. Walls might have to be broken, drains made, exhaust fans installed, and so on. So, when a lot of money has to be spent on these improvements, that's when they say it's difficult, complicated, and so on."

Code 3: Inaccurate Information

The majority of the respondents agreed on this one avowal: don't trust negative people. Negative people are inclined to drag other people into negativity just by using their spoken words or apathetic behavior. Trusting the words of these types of people is what stalled potential applicants from really putting their effort into gaining Halal certification, as testified by these respondents:

R3: "Sometimes they only listen to hearsay... It's difficult, this is hard, there are many difficulties in getting Halal certification, so they lose interest in applying…"

R5: "Sometimes rumors say that getting Halal certification is difficult, expensive, and so on. Therefore, entrepreneurs should investigate first, ensure the truth, and be brave to try."

R6: "That's the weakness of many SME entrepreneurs; they listen to unverified stories. They should call or meet JAIPP directly instead of listening to unfounded tales…"

R8: "I urge entrepreneurs, if you have the intention to get Halal certification but lack information, don't just listen to stories that may not be true."

R11: "I think those who say that getting Halal certification is expensive and difficult have never actually tried to apply for it. They are just listening to others. Also, some consultants offer services to obtain Halal certification at high prices, so when they hear about these costs, they decide not to apply."

Code 4: Lack of Capital

Owing to the size of their organization and operation, many of the SMFEs didn't have large enough capital to invest in important areas required for expansion, such as marketing, attractive packaging, and logistics. Some of the respondents said it exactly:

R12: "There are many factors... Firstly, if their products are frozen, it will involve high costs, especially to provide suitable logistics. Delivery trucks, storage facilities, display spaces—all need to be frozen, so this will result in high costs for their products to be marketed widely."

R3: "To introduce our products widely is difficult because we are SMEs with small capital…"

R8: "…many SMEs are lacking in terms of 'packaging' and 'marketing', where usually we lack the capital to create packaging…"

R1: "When compared to big companies, it is indeed difficult for my small company to compete. In terms of products, I am confident of their competitiveness, but small business entrepreneurs often face capital shortages. For example, when people know my products are Muslim-made, high-quality, delicious, and have Halal certification, they become very interested, but if they are to be placed in shops, they need refrigerators. Providing these refrigerators is what we lack the capital for."

Some of the entrepreneurs have achieved reputable success by having their products penetrate hypermarkets across the country. However, other problems arose, as placing products in hypermarkets turned out to be a costly affair, as described below:

R12: "When SME products get Halal certification, many supermarkets and hypermarkets will be interested in their products, and most entrepreneurs will be excited by this offer. However, to enter large markets, we need significant

working capital because these offers are on a consignment basis. Money will only come in every 6 months, while the products must still be supplied…"

R12: "Additionally, we can't just leave our products on the shelves; we must regularly come to restock, do product sampling, arrange the products, remove unsold items that are damaged or expired, and so on. All of this costs a lot of money, time, and energy, and not many SMEs have enough resources for such tasks…"

On the other hand, one of the respondents indicated that many of the SMFE operators consisted of senior citizens residing in villages. When JAKIM or JAIN officers audited their establishments for eligibility, some of them just turned off by the officer's suggestions. To them, it's just not worth it if their products are marketed just within the village's vicinity. In the end, their desire to get Halal certification just came to a halt, as explained below:

R8: "…many SMEs, especially elderly entrepreneurs in villages, run their businesses with only small capital. Hence, applying for Halal certification has significant financial implications for them. If JAIPP officials come and see that they are only making products in their home kitchens, the officials will say, 'it's not allowed'; there must be a dedicated premise for processing the products. So, there they face another obstacle, which ultimately leads them to give up and only market their products in their local area…"

Code 5: Lack of Halal Awareness

The discussion on Halal awareness has made some of the entrepreneurs respond passionately, displaying their care for the faith and future of Muslim entrepreneurs. Noticeably, they were annoyed by the indifferent attitude displayed by some of the SMFE operators regarding Halal matters:

R3: "The unsatisfactory percentage of SMEs is, in my opinion, due to the entrepreneurs themselves. Awareness among them is still lacking. We encounter various excuses, such as 'it's difficult to apply for Halal certification', 'it involves high costs', 'feeling that Halal is unnecessary because the products are made by Malay Muslims', and so on. Sometimes they feel that their products will sell even without Halal certification, so there's no need to go through the trouble of applying…"

R6: "SME entrepreneurs need to think; we are producing food products for public consumption. If we do not maintain cleanliness, purity, and the quality of our food ingredients, what if someone gets sick after consuming our products? What if they accidentally eat something impure because of our negligence in maintaining cleanliness? What if it happens to our children and grandchildren? The government has provided enormous opportunities and given a lot of assistance. Entrepreneurs should no longer make excuses…"

R6: "…many SMEs also use consultants to obtain Halal certification, paying around RM1000-RM5000. Many do this either because they are too lazy to handle the documentation themselves or because many are not highly educated and do not understand record management and certification. This is sad. As entrepreneurs, they should always strive for self-improvement. If they do not know something, they should go and learn. Learn a bit of English, learn about record management, filing systems, and accounts to become dynamic entrepreneurs…"

Code 6: Lack of Motivation

Similarly, the lack of motivation among some of the SMFEs' operators had caused some of the respondents to express their agitation towards the topic. As the majority of the respondents have experienced many difficulties, especially in attaining Halal certification, they felt that some of the more laid-back SMFE operators had lost the desire to improve their organization. This can be seen in the following statements:

R5: "There are indeed some who are like that. Sometimes they participate in expos like MAHA, they make sales of RM15,000, and they are satisfied. What they don't realize is that sales at MAHA are just 'one-off'... what we want is continuity after that."

R10: "The problem is in remote areas, for example in Sik, Kodiang, Yan, Kuala Kedah... Many produce products for the domestic market only. Most of the entrepreneurs are old and no longer have aspirations to expand their businesses to the next level."

R8: "That's why many restaurants don't have Halal certification. These restaurant entrepreneurs are reluctant to list all the ingredients they use and the Halal certificates for each ingredient because there are too many involved. For example, there are approximately 22 ingredients in ayam masak merah, and they have to list the Halal certificates for each ingredient, even for black pepper. Imagine if they have 100 different dishes? It is indeed a difficult task, which is why they say it's hard…"

Code 7: Meticulous Documentation

One of the barriers to Halal certification was how meticulous the documentation would be to fulfill the requirements. The hard part was compiling evidence to ensure that every single ingredient used in the production is from Halal and reliable sources. In a small company where they do not have a dedicated staff reserved for documentation, most of the time, the manager or owner is burdened with compiling the necessary documents. During the interview, some respondents expressed their difficulties:

R6: "Previously, we had to deal with JAKIM in Kuala Lumpur. After streamlining, we now only need to go to JAIPP, and the fees are based on the size of the company. The difficult part is for entrepreneurs to trace the origin of every ingredient used and obtain the Halal certificate for each ingredient."

R4: "Sometimes, as producers, we are racing against time to deliver product orders abroad, but delays in obtaining Halal certification somewhat disrupt our operational schedule."

R10: "For older entrepreneurs, they feel that obtaining Halal certification is quite troublesome... there's a lot of paperwork and documentation to prepare, which is a weakness for them…"

Code 8: Negative Attitude and Mindset

Some respondents indicated that several SMFE owners are quite apathetic when it comes to Halal matters. Either these SMFE owners are too lazy to care about the future, or are too comfortable within their current environment, as uttered below:

R9: "Sometimes our people are not only lazy or shy to ask, but sometimes they don't even bother to find out who they should ask. So, all this is an attitude problem. We must change our negative attitude if we want to move forward…"

R3: "Yes, not many Malay entrepreneurs have Halal certification because of their attitude…"

R3: "…because not all SME entrepreneurs intend to apply for Halal certification. Only when there is awareness will it influence their attitudes and desires. This difference can be seen between urban and rural communities. In urban areas, the acceptance of Halal products is better because the awareness of Halal is high, whereas in rural areas, perhaps because the level of awareness is low, they don't care whether their daily products have Halal certification or not…"

Some of the SMFE owners are just inclined to make a lot of excuses, as quoted by some respondents. Too many excuses would close their mind to opportunities, and sometimes these opportunities are vital for survival. Among the predicaments often encountered in some of the excuses are:

R12: "JAIPP and JAKIM indeed conduct courses on how to apply, but many do not attend. Even if they attend, it is often the elderly. When asked to handle a computer to learn how to fill out the application online, many of them are not IT literate... they don't know, they don't understand, they give all sorts of excuses. That's what makes it difficult."

R3: "We encounter various excuses, such as 'it's difficult to apply for Halal certification', 'it involves high costs', 'feeling that Halal is unnecessary because the products are made by Malay Muslims', and so on. Sometimes they feel that their products will sell even without Halal certification, so there's no need to go through the trouble of applying."

Some of the SMFE owners also have the tendency to quickly jump to conclusions, especially after listening to

rumors without even bothering to check for the reliability and truthfulness of the news. Some of the respondents expressed their concern about the matter:

R3: "Many people lack awareness, and when they hear something negative about Halal, they immediately 'share' it on Facebook without verifying its truth first. This should not be done; people must realize that spreading false information can become slander, and that is a major sin."

R6: "Yes, it is indeed an attitude problem. An attitude of taking things lightly, waiting for help, listening to rumors instead of investigating for themselves, being easily satisfied, and so on. We must change this mentality if we want to establish a strong Halal industry…"

In addition, there were also a lot of SMFE owners who still had a subsidy mentality, where they were too dependent on others, especially on the government. These passive SMFE owners could not progress on their own until being pushed or given help (e.g., money, grant, subsidy) by the government. A few fretful respondents voiced their concern as below:

R5: "It is a bit regrettable that our entrepreneurs rely too much on grants or government assistance before they start taking steps to apply for Halal certification and so on."

R6: "This is the difficulty with our people. As I mentioned earlier, education and awareness are important. I also mentioned that if you want improvements, you must use capital (money). The government provides all sorts of assistance and grants, so why don't they apply? Surely the excuse isn't that they don't know how to fill out forms or are too lazy to deal with government agency bureaucracy? The government wants to help us, so what's wrong with us putting in the effort to learn, prepare everything needed, to complete the application? Money doesn't fall from the sky... Many don't like the trouble of filling out forms, preparing this document and that document, yet want us to help them. Some want Halal certification but refuse to invest in upgrading their premises. This is indeed a bad attitude, which makes it difficult to help many of our entrepreneurs."

Code 9: Unstandardized Evaluation and Enforcement

In the eyes of the respondents, the government agency should've been the party that would ease and facilitate the process of Halal certification. However, sometimes that is not always the case. There were several unfortunate circumstances where unstandardized evaluations and enforcement delayed the progress or even made it more difficult for these entrepreneurs. For example, one of the respondents complained lengthily:

R5: "I feel a bit disappointed because there are some unfair processes. For example, during the first application for Halal certification, someone else inspected, and the process was easy. But when applying for Halal certification a second time, a different person inspected, and the process became difficult. For instance, things that were allowed before are now not allowed. Some things are not allowed for us but are allowed for our competitors. Some things are not allowed for us but allowed for other companies, even though we use the same suppliers…"

R5: "There are several issues that undermine the benefits of Halal certification. For example, bureaucracy, discrimination, inequality in enforcement, media manipulation by large companies, and the need for more Halal laboratories across the country. These issues must be addressed to strengthen Malaysia's Halal industry, especially bureaucracy."

In some cases, it's the officer's attitude that bothers the entrepreneurs. The entrepreneurs felt like these officers were lack of empathy for their troubles, thus making it slightly more difficult for these entrepreneurs to deal with the authority. Some respondents shared their experience while dealing with government agencies:

R6: "Yes, it's easy enough. But sometimes, there are some new officers who complicate things... They strictly follow the rules, making the Halal application, renewal, and inspection processes cumbersome."

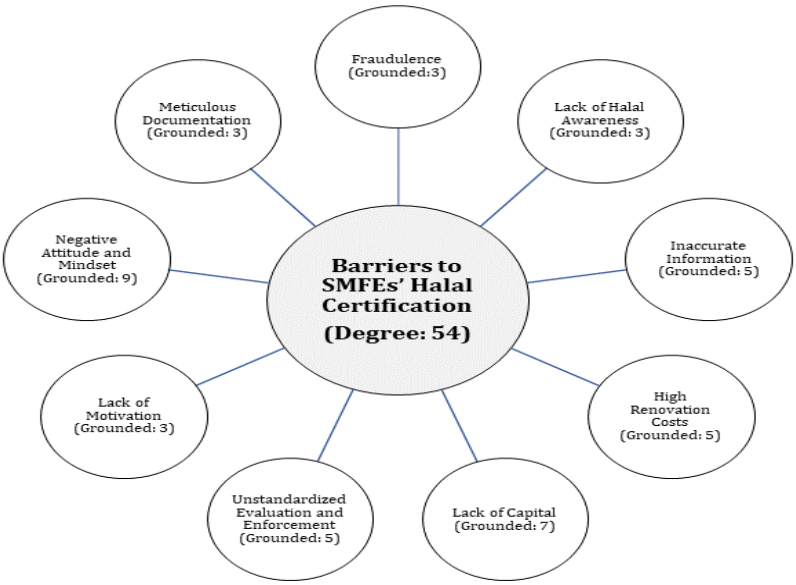
R6: "The Halal department also has some complexities... I have renewed my Halal certificate four times without any issues, but recently, the Halal department sent a new officer who seemed a bit egotistical, questioning many aspects that had no problems before. I also disagreed with his rather harsh approach. I had to go up to KOMTAR

to resolve this issue…"

R5: "Yes, usually I call the relevant parties directly. The responses I often receive are twofold; (i) the officer handling the application is not the one I'm talking to, so they are unaware, and (ii) for the first application, JAKIM facilitates it as an incentive, but for the second time, everything is tightened, and there is no compromise."

Emergent Network

Figure 2: Network of Barriers to SMFEs' Halal Certification



As a recapitulation, the analysis for Theme 3 was done to answer RQ3, which is "What are the barriers to Halal certification experienced by the SMFEs?". The extracted codes represent the challenges, barriers, and problems encountered by the respondents while applying for Halal certification. It was not really meant to demotivate or as a medium for complaints but served as examples for other entrepreneurs or whoever benefited from their experiences. These barriers to Halal certification were embodied by Figure 2: Network of Barriers to SMFEs' Halal Certification.

5. Summary and Conclusion

When conducting the research, there were some limitations hindering the full potential of the research. The lack of resources did get in the way of much better content analysis. The halal sector itself is quite young, blooming in correspondence with the globalization era and 4.0 industrialization. Since then. The halal sector was made known to the entire world, and people across the globe realized the quality, pureness, and cleanliness of Halal products. The demand soared high but was still not backed up adequately by proper research and development in key Halal areas. This resulted in a lack of literature, strong empirical research, resource persons, standards, and policies to be made as references. These resources are crucial to all efforts in elevating Halal into a rich, profitable, and respectable sector full of opportunities.

The same research template could also be replicated to be implemented in other states in Malaysia. In future research undertakings, the same research could be imitated to explore the phenomenon in other settings, which could present different challenges, opportunities and quandaries. For example, the circumstances for SMFEs in Sabah and Sarawak might be slightly different due to differences in local laws and regulations, as well as differences in demographic elements. These varieties can offer richness in data and results, which is more fitting to the multifarious background of Malaysian entrepreneurs.

Subsequently, this research was conducted as a check-and-balance measure to ensure that both the worlds of

academia and industry are in line, not just pleasing each other's goals and objectives. Especially in Malaysia, it is well-known that, unlike MNCs, many of the SMFEs didn't receive too much support and attention from the authorities, until only a few years ago. Interestingly, government statistics have shown that SMFEs are the actual backbone of Malaysia's Halal industry; they must be continuously nurtured and strategically sustained to elevate them to international standards. Hence, it is hoped that the HalCoM model could inspire and spark interests in future researchers to continue delving into this developing, vibrant and worthwhile research area.

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